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## Control Without Credibility: Immigration to the UK Since the Brexit Referendum

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# Control Without Credibility: Immigration to the UK Since the Brexit Referendum\*

## Abstract

Immigration was central both to the 2016 Brexit referendum campaign and to the political narratives that followed it. Yet the trajectory of migration to the UK since the referendum bears little resemblance to the expectations — or promises — articulated at the time. This paper provides an overview and interpretation of developments since 2016, focusing on three interrelated themes. First, it describes trends in migration flows and stocks, highlighting the sharp fall in EU migration, the compensating increase in non-EU migration, and the role of both policy and economic developments in driving these trends. Second, it examines the economic and labour market impacts of these changes over 2016–25. Third, it analyses the post-Brexit policy framework and, in particular, the Labour government's approach since 2024. The paper concludes by reflecting on the implications for future UK migration policy and for the wider political economy of Brexit.

## JEL classification

F22, J22

## Keywords

Brexit, immigration, employment, UK

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## 1. Introduction and background

Immigration has long been central to British politics, but rarely more so than during the Brexit referendum campaign. Migration—and in particular free movement from the EU—came to symbolise the loss, and the promise of regaining, “control”. Yet there was, and remains, a striking disconnect between the political salience of immigration and the economic evidence on its impacts.

Before the referendum, a substantial empirical literature suggested that immigration to the UK had, at most, modest negative impacts on the wages of low-skilled natives, with neutral or positive effects elsewhere in the wage distribution, and generally favourable fiscal and growth consequences (Dustmann, Frattini and Preston, 2013; Nickell and Salaheen, 2015; Portes, 2016). However, political concern about immigration reflected not only economic anxieties but also identity, cultural change and trust in institutions—factors highlighted in research on the drivers of Leave support (Goodwin and Milazzo, 2017; Kaufmann, 2018).

In principle, the referendum result would have been consistent with several different models for the post-Brexit relationship between the UK and the EU, from trading “on WTO terms” to membership of the European Economic Area and hence the Single Market, including continued free movement of people. Similarly, in principle the result did not imply policies designed to either increase or reduce immigration; a point made by some, albeit not all, of those who campaigned for Brexit (Portes, 2016).

However, given its salience in the campaign, it is not surprising that the referendum result was interpreted, by many politicians and commentators, as a mandate both to end free movement and to reduce immigration. That interpretation was explicitly set out in key speeches by the then Prime Minister Theresa May, and reaffirmed in the 2017 Conservative Manifesto. It therefore shaped the post-Brexit policy agenda, culminating in the end of free movement and the introduction of a single, points-based system for EU and non-EU nationals alike (Portes, 2022).

Yet, despite this, net migration rose to record highs in the early 2020s before falling sharply again in 2024–25. The composition of migration flows changed even more dramatically than their aggregate scale. The UK moved, in a relatively short period, from a predominantly European free-movement model—where the state had limited direct control over the volume of EU labour inflows—to a global managed migration system in which the state sets eligibility rules, but actual inflows respond to employer demand, higher education recruitment strategies, and global shocks. The political implication was paradoxical: “taking back control” created more formal control over entry rules, but did not deliver stable or predictably low net migration; indeed, under the initial parameter settings it generated very high net migration, while current policies may deliver much lower numbers, at least temporarily.

This paper aims to provide a structured account of these developments. Brexit was a multi-dimensional institutional shock to the UK’s migration regime.

- **First, Brexit ended free movement between the UK and the EU.** EU nationals lost an automatic right to live and work in the UK, and vice versa. This represented both a change in law and a powerful symbolic break with prior practice.

- **Second, the UK introduced a unified points-based system for all non-Irish nationals.** While this drew on pre-existing Tier 2 arrangements, it removed EU preferences and made admission conditional on a combination of skills, salary thresholds, occupational eligibility and, in some cases, sponsorship or points for specific characteristics.
- **Third, Brexit interacted with other shocks,** most importantly the COVID-19 pandemic and the post-pandemic macroeconomic recovery, as well as longer-run demographic trends and fiscal pressures. As with assessing the impact of Brexit more broadly, disentangling the impact of Brexit-induced institutional change from these other forces is necessarily imperfect (Portes, 2024).

The rest of this paper examines the Brexit regime shift in migration governance and asks how, given that shift, economic and political dynamics have played out. I describe trends in migration and migration policy across three periods: (a) the post-referendum but pre-Brexit period 2016–21, (b) the boom of 2021–23, after the introduction of the new system, and (c) the bust phase from 2024 onwards, when both policy tightening and behavioural responses produced a rapid decline in measured net migration. The subsequent section examines labour market, economic and fiscal impacts over the whole of this period. Finally, I focus on the period since 2024, assessing the Labour government’s approach to immigration policy and the tensions between signalling “control” and meeting economic and public-service objectives, and the implications for the future.

The central argument is that Brexit did not, in any straightforward sense, “reduce immigration”; nor did “taking back control” directly loosen—still less eliminate—the economic or political constraints that face UK governments in making immigration policy. Rather, it reallocated both numbers and those constraints: away from EU free movers, towards non-EU routes governed by domestic policy choices. The new system has proved to be broadly workable in administrative terms. However, politically driven policy change threaten to make the system less predictable, less economically rational, less politically sustainable, and more internally inconsistent.

## 2. Migration policy and trends

### i) From the referendum to the post-Brexit system, 2016–21

In the decade prior to the referendum, net migration to the UK averaged around 250,000 per year, with substantial variation driven both by labour-market developments (in particular the global financial crisis of 2008 and the subsequent recession) and by the expansion of the EU, first in 2004 to Central and Eastern Europe and the Baltic States, and then again in 2014 when the transitional controls imposed on Bulgarian and Romanian nationals expired (these countries had joined the EU in 2007). EU nationals accounted for a significant and growing share of new arrivals, particularly in lower-paid and mid-skilled occupations in sectors such as hospitality, food processing and social care, and this trend was exacerbated by much tighter controls on non-EU migration, introduced by the Conservative–Liberal Democrat government elected in 2010 (Portes, 2016)

Ironically, the peak in EU migration roughly coincided with the 2016 referendum; it would almost certainly have fallen significantly thereafter regardless of the result, driven by changes in relative wages and labour-market developments in key source countries (Portes, 2022). The referendum accelerated this decline, as the UK became perceived as a less welcoming

country for EU-origin migrants (Portes, 2022). This “anticipation effect” is consistent with international evidence that policy uncertainty and perceived hostility can shift migration decisions even before legal rules change.

By contrast, non-EU migration began to rise. Initially, this reflected strong demand for international higher education and continued inflows under existing work and family routes. Later, it was driven by substitution effects, as the labour market adjusted to the emerging pressures that resulted from the fall in EU migration; and this phenomenon was further boosted when, in response to those pressures, the government liberalised some of the rules around work visas for non-EU nationals (Portes, 2022). However, as with other aspects of the UK–EU relationship, there were no formal policy or legal changes until the implementation of the Withdrawal Agreement in January 2021.

## **ii) The post-Brexit system: boom (2021–23)**

The post-Brexit points-based system, implemented in January 2021, has several key features. It applies to EU and non-EU nationals alike (with the exception of Irish citizens). Long-term work migration is channelled largely via the Skilled Worker route, which requires a job offer from a sponsoring employer at a minimum skill level and salary threshold, alongside English language competence. Students require sponsorship from accredited institutions; a Graduate route allows post-study work. Family migration and protection routes (asylum and resettlement) remain governed by a separate, complex set of rules.

From a design perspective, this system is not unusual among other advanced economies outside the EU free movement zone, most of which control work visas through some version of skill and salary requirements; similarly, a relatively liberal approach to student visas, combined with some form of post-study work visa, is common to Anglophone countries that have large international student flows. The system gives the government considerable control over the scale and composition of migration flows via salary thresholds, eligible occupations and sponsor licensing, while still allowing employers access to foreign labour in a wide range of roles.

The system, again in common with other countries, also allows work migration for a limited set of occupations deemed to be in “shortage”, but which do not meet the normal requirements. While numbers for most of these occupations were relatively low, a major exception was the care sector; in February 2021 entry-level workers in this sector were added to the shortage list, with a salary requirement that was essentially equivalent to the National Minimum Wage.

Taken together, these changes rendered the system remarkably liberal by advanced-economy standards. The initial level of the salary threshold was roughly at the UK median wage, and below it for some occupations; in principle, more than half of all jobs in the UK were at or above the skill and salary thresholds (Portes 2022). Adding care workers to the shortage list meant that employers in that sector could essentially hire at will from abroad. And the Graduate Visa, while not dissimilar in design to other countries, was more liberal in some respects, in that there were no employment-related restrictions: holders could work in any sector and could also be self-employed.

Given the political backdrop—this system was introduced by a government which had repeatedly committed not just to ending free movement, but to reducing overall migration,

and was largely devised by politicians who had established reputations as anti-immigration hardliners—it is worth examining how this happened. The context in which the new system was introduced was two-fold. First, the world was just emerging from the pandemic. The macroeconomic consequence of this was significant labour shortages across a number of sectors, with the care sector the most important in numerical terms, and the NHS and allied services also under acute pressure. In this, the UK’s position was similar to that of other advanced economies.

But the UK political context was also key; the government had a strong imperative to demonstrate that Brexit was an economic success (or at least not an obvious economic failure). The Trade and Cooperation Agreement that came into force in January 2021, which while it ensured limited or no tariffs on UK-EU trade nevertheless resulted in a significant increase in regulatory barriers and trade frictions that were (accurately) expected to reduce growth. So, albeit to a lesser extent, was the end of free movement (Forte and Portes, 2017; DEXEU, 2018). There was particular concern about the latter in sectors like accommodation and hospitality, which had become very dependent on EU migration, and of course had been very hard hit by pandemic-era lockdowns. However, as noted in contemporaneous analysis, these effects could be mitigated by a more liberal post-Brexit migration regime (Portes and Sampson, 2019); this would be the course chosen by the government. At the same time, universities had become structurally reliant on international fee income; the Graduate route was, in part, designed to strengthen the UK’s competitive position in the global student market. In other words, the government deliberately chose to adopt a relatively liberal system to mitigate the potential negative economic impacts (and their likely political consequences) of Brexit.

In 2020, that is before the introduction of the new system, but after its broad parameters had been set out, I wrote “Contrary to the hopes and fears of many, Brexit looks less like it will make a decisive turn towards restricting immigration ... instead, it may signal a different form of openness.” (Portes, 2020). This was accurate, but hugely understated: virtually no analyst predicted the surge in migration that began in 2021 and accelerated in 2022-23. The number of work visas issued (including to dependents of main applicants) more than doubled between 2019 (before the pandemic) and 2023, while the number of student visas rose by about 80%. Combined with significant flows of refugees and asylum seekers (the result of special schemes introduced for holders of Hong Kong British National (Overseas) passports, Ukrainians and Afghans, as well as irregular arrivals of asylum seekers), this led to a rise in net migration from just over 200,000 to close to a million at its peak.

Equally noteworthy was the shift in the composition of new migrants. As noted above, EU migration had been falling since 2016, although it remained net positive until the pandemic, while non-EU migration had been rising. The pandemic largely halted inward migration, but led to a significant exodus of EU nationals (although measurement issues during the pandemic meant the scale of this remains uncertain). But from 2021 non-EU migration accounted for essentially all of net migration, with net emigration of both EU and non-EU nationals.

Within non-EU migration, there was a further concentration towards particular nationalities; over 300,000 visas were issued to Indians in 2023, triple the 2019 figure, and about 200,000 to Nigerians, four times that in 2019. Some other nationalities saw even larger proportional

increases, albeit from a smaller base. This reflected both historical patterns and the nature of new migrants under the new system; Nigerians came primarily to work in the care sector, Filipinos as nurses and care workers, while Indians were highly represented among these occupations but also made up the largest single component of skilled workers, especially in the ICT sector, as well as a significant proportion of international students, with the Graduate Visa proving particularly attractive (Portes and Sharma, 2024).

### **iii) Bust (2024—) —from record highs to rapid decline**

The very high levels of net migration, by historical standards, did not initially result in a significant political backlash. As measured by the IPSOS issues tracker, immigration had declined in salience steadily from the referendum, reaching a low point during the pandemic. It rose gradually thereafter, but even in mid-2023, when net migration peaked, it was considerably lower than the 2008-12 average (IPSOS, 2024). It began to rise relatively fast from the end of 2023 – just as the actual levels of immigration began to fall sharply – and by the end of 2025 had almost regained its pre-referendum peak.

There are a number of plausible competing explanations for this apparently paradoxical pattern: first, that public concern responds to overall migration levels, but with a lag, reflecting the time it takes for new migration to become visible at local levels; second, that concern during this period was not driven by legal migration levels at all, but by irregular arrivals, in particular those crossing the English Channel in small boats, and both the perceived lack of “control” that this demonstrated and the consequent pressure on local services and amenities; and third, that the key driver was the volume of media coverage of immigration and immigration-related issues, which only began to ramp up again in 2023.

It is beyond the scope of this paper to definitively establish which of these explanations is correct, although the evidence seems to suggest that a combination of the second and third are most plausible, with evidence suggesting that concern was driven primarily by irregular migration and media salience rather than the concrete impacts of work and study migration (Ford, 2024). It is also important to note that migration statistics – and, consequently, media coverage – lag actual flows, a situation that was exacerbated during this period by a number of data revisions by the Office of National Statistics, meaning that the true scale of the 2021-23 rise in migration only became fully apparent over the course of 2024 (ONS, 2024).

Political developments largely paralleled this evolution. Initially, the Conservative government had regarded the rise in migration with equanimity; introducing the system, with a clean break from free movement, was further evidence, alongside the TCA, that the Johnson government had fulfilled its promise to “Get Brexit Done”. Meanwhile, some Brexit-supporting commentators pointed to the rise in migration, without any obvious political backlash, as evidence that the negative impacts of Brexit predicted by most economists had not materialised, and there was indeed considerable force to this argument, although they have since largely recanted (Portes, 2024).

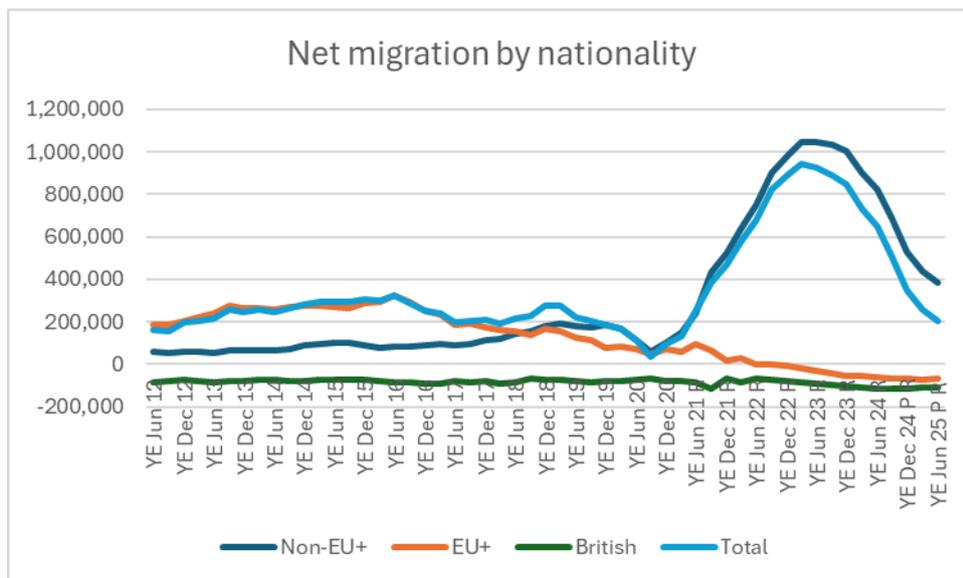
By the end of 2023, migration was beginning to fall, and even absent policy change, this fall would have accelerated. While, as set out above, the post-Brexit system was genuinely considerably more liberal than its predecessor, the factors that had driven it to its peak had begun to recede; the economy and labour market had normalised, arrivals from Hong Kong and Ukraine had fallen, and while student inflows remained high, departures were beginning

to increase. Modelling conducted around this period suggested that net migration would fall back to between 250,000 and 350,000 (Hall, Manning and Sumption, 2023). Portes (UKICE, 2023) stated “Net migration is now falling”, which subsequent data confirmed.

However, by the end of 2023, the government responded to the trends – and to the political and media reaction – with a number of policy changes that sharply tightened the rules. Salary thresholds were raised sharply, and the ability for care workers and Masters’ students to be accompanied by dependants was largely withdrawn; at the same time, enforcement of sponsorship rules was tightened drastically, in particular in the care sector, as evidence increasingly emerged of abuse of the visa rules and exploitation of migrant workers. These measures were forecast to result in a fall in net migration of approximately 100,000 per year.

Not all these changes were implemented immediately, but by the time of the 2024 election visa issuance was clearly declining sharply, and it was clear that the official ONS migration statistics would follow in due course. However, as discussed below, this was (in combination with other factors) not enough to stop immigration playing a significant role in the Conservatives’ election defeat.

**Figure 1: Net migration by nationality**



Source: Office of National Statistics, 2025.

### 3. Economic and labour market impacts, 2016–2025

This section examines the economic and labour market impacts of migration over the decade since the Brexit referendum. It focuses on four dimensions: macroeconomic effects, labour market outcomes and wages, public finances and public services, and sectoral adjustment. The central claim is that post-Brexit migration has had material but second-order aggregate economic effects. These outcomes reflect not simply the scale of migration, but its changing composition, interaction with domestic policy failures, and the increasing volatility introduced by policy uncertainty.

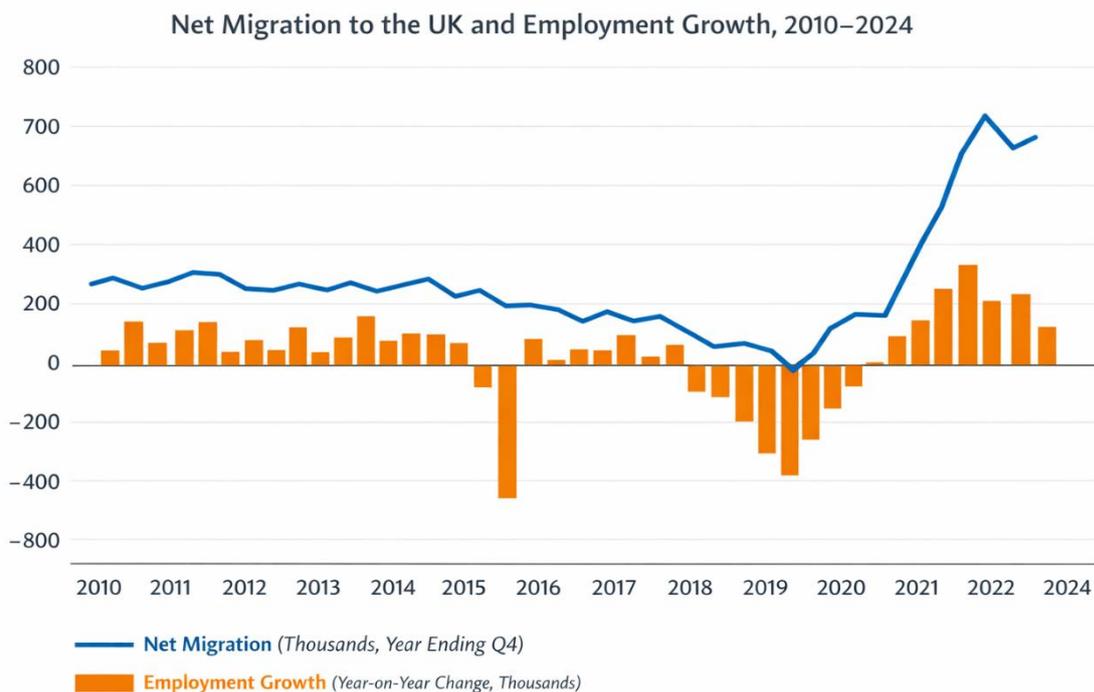
#### i) Macroeconomic impacts: GDP, productivity and growth

At the macroeconomic level, migration affects economic performance through labour supply, human capital accumulation, and productivity. Brexit altered each of these channels, both by changing the level of migration flows – in different directions at different times, as the discussion above shows – and by changing the composition and volatility of migration flows.

Mechanically, higher migration increases the working-age population, employment and therefore aggregate GDP. The post-Brexit period illustrates this logic clearly. The end of free movement reduced EU labour inflows relative to a counterfactual of continued EU membership, while the new points-based system facilitated large increases in non-EU migration, particularly through work, study and health and care routes.

Of course, changes to migration trends are not solely the result of Brexit: the strengthening of labour markets in Eastern and Central Europe, the pandemic and its aftermath, and the Ukraine war all played a role. Portes and Springford (2026, forthcoming) use synthetic differences-in-differences to estimate the extent to which Brexit, directly or indirectly, drove changes in employment-related migration to the UK compared to other European countries. They find the increase in non-EU employees resulting from Brexit significantly outweighed the reduction in EU-origin ones, particularly after 2021, although there is considerable uncertainty surrounding their quantitative estimates.

**Figure 2: Net migration and employment growth**



Sources: ONS Labour Market Statistics (MGRZ); House of Commons Library Migration Dataset.

Source: Office for National Statistics, 2025, author’s calculations

While ex ante analyses based on the first factor predicted that Brexit would reduce GDP, they largely failed to anticipate the actual impact of the second. What distinguishes this period is the volatility of migration. The surge in net migration during 2021–23, followed by a sharp fall in 2024–25, implies that migration acted as a pro-cyclical shock to labour supply:

expanding rapidly during the post-pandemic recovery and contracting as growth slowed and fiscal constraints tightened. From a macroeconomic perspective, this was not unwelcome; it likely eased inflationary pressures in the first part of the period, reducing upward pressure on interest rates and making the Bank of England's task somewhat easier, while the current fall in migration coincides with rising unemployment and labour market weakness. However, more generally, such volatility – particularly when it is driven by policy change rather than by demand-pull factors – complicates economic and fiscal management.

The relationship between migration and productivity is more ambiguous (Campo, Forte and Portes, 2024). In principle, migration can raise productivity through skill complementarities, innovation and improved matching; most UK and international evidence suggests that migration, especially skill-based labour migration, has positive impacts. Empirically, however, productivity effects are difficult to identify and typically operate over long horizons; and the post-Brexit period has coincided with growing concern over the persistent weakness in UK productivity growth which began after the global financial crisis of 2008.

The post-Brexit system was designed to be relatively open to higher-skill migration and to international students—channels associated in many studies with innovation and productivity spillovers. However, a system that is open to high-skill migrants can nonetheless generate high inflows in mid-skill or lower-wage categories if thresholds are set low enough (or if shortage lists carve out exceptions). The post-2021 experience illustrates both points: the UK simultaneously attracted high-skill workers and very large numbers of students, while also using migration to meet pressing labour needs in care (Portes, 2025). Rapid growth in labour supply to low-productivity sectors—most notably social care—risks reinforcing existing productivity traps rather than resolving them.

Overall, then, it is too early to judge the impact of post-Brexit migration on productivity, but it is important to emphasise that the UK's productivity stagnation since 2016 cannot plausibly be attributed to migration. Weak productivity growth predates Brexit and reflects structural factors including low investment, weak diffusion of technology, and persistent policy uncertainty. Migration policy can influence productivity at the margin, but it cannot substitute for failures in industrial strategy, skills policy or capital deepening.

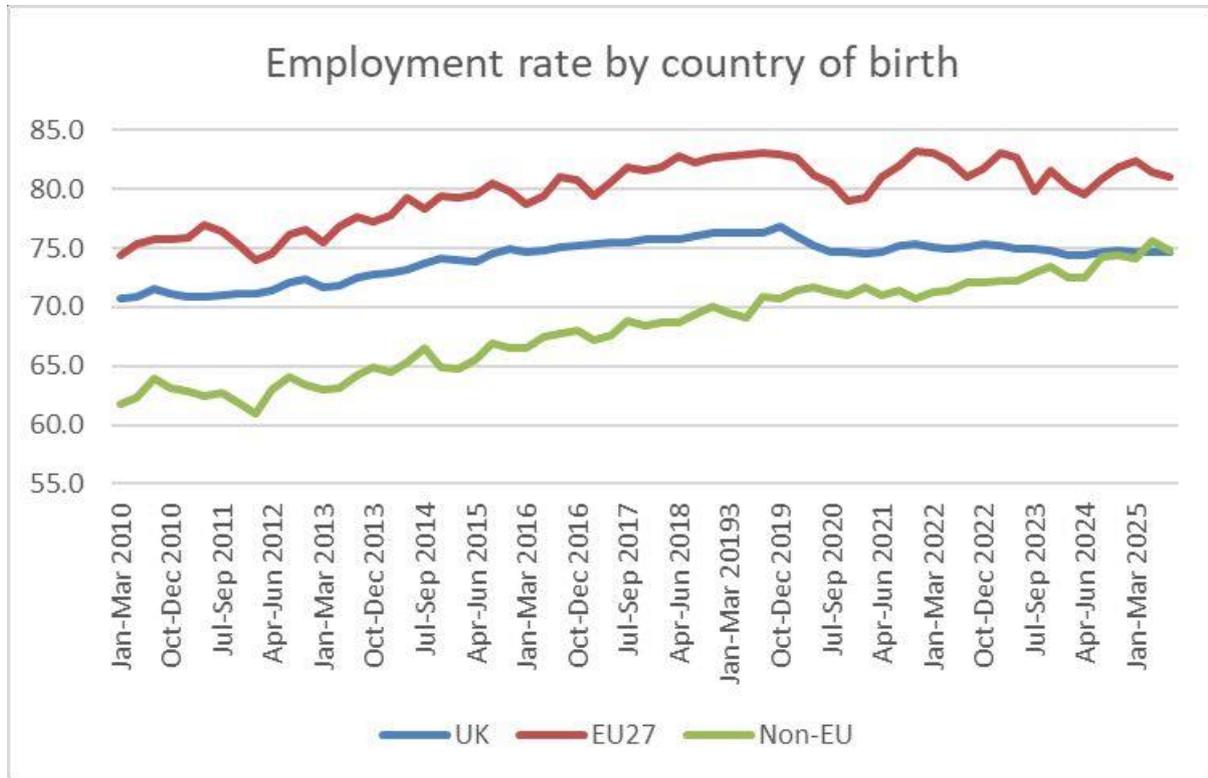
A more salient issue for current and future policy is whether instability in migration policy undermines productivity by increasing uncertainty for firms and institutions. Frequent changes to visa thresholds, eligibility criteria and settlement rules raise adjustment costs and may deter investment in training, organisational capital and innovation—effects that are difficult to measure but potentially important.

## **ii) Labour market outcomes and wages**

Before Brexit, EU-origin migrants in particular had very high employment rates; while non-EU migrants, especially women, had lower rates, reflecting the very heterogeneous nature of non-EU migration. Some analysis (Centre for Policy Studies, 2024) therefore argued that the compositional shift to non-EU migration would reduce overall migrant employment rates, especially since a relatively small proportion of migrants under the new system were on visas directly tied to employment, with a large proportion either students or dependents of those on work or study visa. However, although data is incomplete, a variety of data sources suggest

that recent non-EU migrants have high employment rates and strong labour market attachment, including among dependants of main visa holders (Gilbert, 2025). Indeed, it is now the case that – for the first time since data collection began – the overall employment rate of non-EU migrants exceeds that of the UK-born.

**Figure 3: employment rate by country of birth**



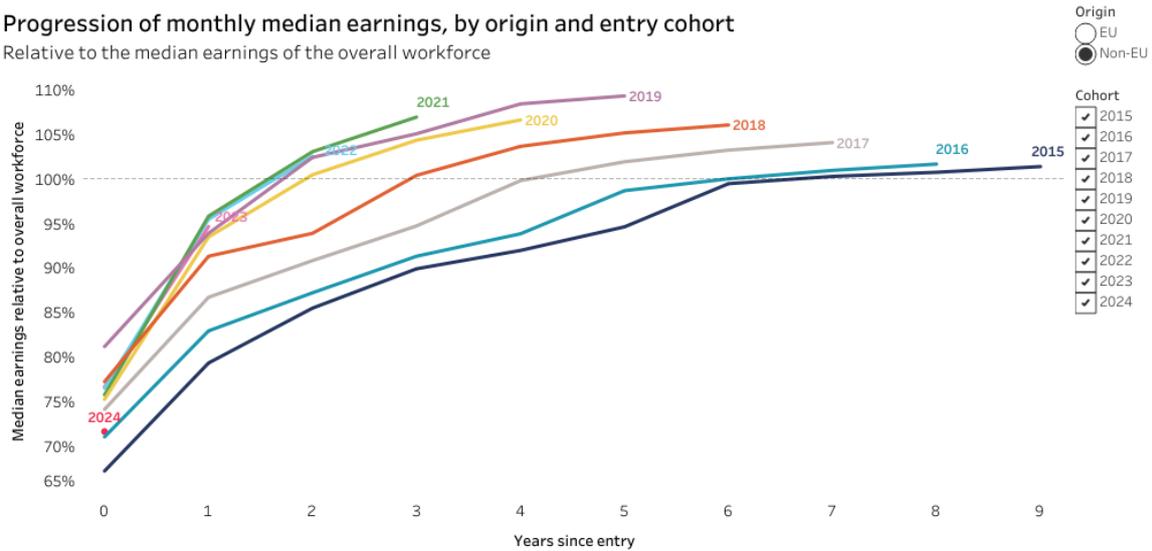
Source: ONS, 2025b; author’s calculations

Similarly, on earnings, some analysis argued that the composition of new migrants post-Brexit would mean that they were likely to be concentrated in low-paid, low-skilled jobs, with only a small minority in the relatively high-paid occupations eligible for mainstream skilled work visas. It is certainly true that there are substantial concentrations of new migrants in relatively low paid sectors – social care and accommodation and hospitality and that many migrants work in “gig economy” roles in the food delivery sector. However, in aggregate, these fears appear much exaggerated. Brindle, Portes and Sumption (2025) shows that recent migrants, while often entering the labour market on relatively low wages, show reasonably healthy earnings progression, at least comparable to those of earlier, much smaller cohorts. Overall, Gilbert (2025) suggests that the earnings of recent migrants – despite being depressed by the relatively low average earnings of those on some routes, especially the family and refugee routes – are at least comparable to those of natives.

**Figure 4: Migrant earnings progression**

### Progression of monthly median earnings, by origin and entry cohort

Relative to the median earnings of the overall workforce



Source: Cohort earnings: Migration Observatory analysis of HMRC Pay As You Earn Real Time Information, FOI request 48645; and overall workforce earnings: Earnings and employment from Pay As You Earn Real Time Information, non-seasonally adjusted: June 2025.

Note: Figures refer to the median earnings of an entry cohort of a given origin relative to the median earnings of the overall workforce (i.e., year 0 refers to median earnings in December of the year the cohort first appeared on payroll, year 1 is the following December, etc.). Figures do not include people who were born overseas but moved to the UK before the age of 16.



Source: Brindle, Portes and Sumption (2025)

### iii) Wages and distributional effects

The UK evidence on migration and wages remains broadly consistent with the pre-Brexit literature: average wage effects are small, while distributional impacts are context-specific and concentrated in certain sectors and regions. There is little or no evidence that migration has exerted sustained downward pressure on average wages.

Following the end of free movement, some lower-wage sectors experienced faster wage growth, coinciding with reduced EU labour supply and extremely tight labour markets. There is some, largely anecdotal, evidence that in some very specific sub-sectors (for example, lorry drivers) there was a causal link between changes in migration volumes and wages. However, at a broader sectoral level there is little or no evidence that migration was a major driver – for example, despite serious concerns among employers in the hospitality sector that Brexit would lead to upward wages pressures resulting from reduced labour supply, it took some time for wages in this sector even to recover their pre-pandemic peak. Post-pandemic demand shifts and institutional factors such as the National Living Wage appear to have been more important in wage dynamics; and given the fact that, as shown above, new migrants were distributed throughout the wage distribution, big relative wage changes seem unlikely. More fundamentally, wage outcomes, especially in low-wage sectors, are driven much more by structural factors and labour market institutions rather than migration volumes. Minimum wages, enforcement capacity, bargaining structures and sectoral funding determine whether migration complements domestic labour or exacerbates inequality..

### iv) Public finances and public services

From a public finance perspective, migration affects both revenues and expenditures, and the net impact of the public finances could be either positive or negative. However, since migrants tend to be of working age, and since, as set out above, recent migrants to the UK have earnings and employment rates that are at least comparable to those of the UK-born, the initial fiscal impact is likely to be positive overall, since most public expenditure is directed at pensioners and, to a lesser extent, children.

The Office of Budget responsibility assumes that migrants are similar to natives of the same age in employment and earnings terms; as noted above, this seems realistic, and may even be slightly pessimistic. This implies that migrants make a positive net fiscal contribution over the medium term, even after taking account of the increases in public expenditure necessary to maintain per-person spending on public services. Reductions in migration, by contrast, have negative fiscal effects. OBR estimates suggest that a sustained reduction in net migration of around 100,000 per year would worsen the fiscal balance by about £7 billion pounds annually over the forecast horizon, reflecting lower tax receipts, only partially offset by reductions in public spending (OBR, 2024).

It is frequently argued (CPS, 2024) that while analysis by the OBR and others shows that in the short to medium term migration is a significant fiscal benefit, this is largely driven by the age profile of migrants rather than their other characteristics, and will therefore not necessarily hold over the longer term. While earlier analysis (Oxford Economics, 2010) suggested that this was incorrect, with substantial fiscal benefits over the lifetime of new migrants, this was heavily dependent on assumptions based on relatively limited data.

More recently, OBR (2024b) showed that the fiscal impact of migrants was very dependent on their wage profiles, with the “average” migrant making a significant net fiscal contribution (and high-wage migrants a very large one), but lower-wage migrants imposing a fiscal cost. Taken together with the data above, this suggests that overall recent migration will be a substantial fiscal benefit in the long run as well as in the short run, but with considerable heterogeneity. More recent work by the Migration Advisory Committee (MAC, 2025) confirms this; looking at fiscal impacts by visa route, the long-term fiscal impacts of those coming on mainstream skilled work visas is very large and positive, while dependants and those on other routes have mixed, but much smaller, fiscal impacts. The basic picture is therefore that overall recent migration, especially for work and study, will have large and positive fiscal impacts over the short, medium and longer terms, but this positive impact is primarily driven by highly paid skilled workers, with the contribution of others much closer to neutral.

**Figure 5: Lifetime fiscal impact by visa status**

**Table 1.3. Baseline Net Lifetime Fiscal Impact of SWs and Partner Applicants, 2022/23**

<b>Cohort</b>	<b>Net Lifetime Fiscal Impact (Per-Person Mean)</b>	<b>Net Lifetime Fiscal Impact (Whole Cohort)</b>
<b>SW (excl. H&amp;CW) Main Applicant</b>	+£689,000	+£47.7bn
<b>H&amp;CW Main Applicant</b>	+£54,000	+£5.5bn
<b>SW (excl. H&amp;CW) Adult Dependant +</b>	£3,000	+£0.1bn
<b>H&amp;CW Adult Dependant</b>	-£67,000	-£3.3bn
<b>Family (Partner)</b>	-£109,000	-£5.6bn

Source: MAC internal fiscal modelling.

[Source: Migration Advisory Committee, 2025]

Public concern about migration is often framed in terms of pressure on public services—particularly housing, schools, healthcare and local government. While such pressures are real in some localities, the evidence suggests they are primarily a function of capacity constraints and policy choices, rather than migration per se. Public service impacts depend critically on funding formulas, planning regimes and responsiveness (Gilbert, 2025). Where supply can adjust and funding follows need, migration does not systematically degrade service outcomes. Where supply is constrained—most notably in housing—migration can intensify existing shortages, but it is rarely the underlying cause.

In healthcare, migrants are both users and providers. The NHS is heavily reliant on migrant labour, particularly in nursing and medical roles. Any assessment of migration’s impact on health services must therefore consider this dual role: restricting migration may marginally reduce demand, but it also constrains supply, often with net negative effects.

#### **v) Sectoral impacts and adjustment**

While aggregate economic and fiscal effects are significant but not huge in macroeconomic terms, sectoral impacts are large and uneven, and these have been central to the political economy of migration since Brexit.

#### **Social care**

Social care is the sector that most clearly illustrates the interaction between migration policy and structural domestic failure. Pre-Brexit, EU nationals were important in many parts of the

care workforce. Post-Brexit, care providers faced intensified recruitment problems, both as a consequence of the end of free movement and broader post-pandemic trends. The policy response was to open and expand routes for care workers—effectively shifting the sector from EU free movement to non-EU sponsored migration, at a time when demand was rising sharply.

In the short run, this was a functional solution: it alleviated acute labour shortages. But it also entrenched reliance on migrant labour in a low-paid, underfunded sector as well as leading to widespread abuse and exploitation. MAC (2024) argued that the care visa risked perpetuating these problems, and that migration policy should not over the longer term substitute for sustainable workforce planning, funding reform and improved pay and conditions, and successive governments cited these arguments in first restricting and then ending the care visa. However, as the MAC and other analysts also noted, without major reforms to workforce policy – including better pay, which ultimately would largely have to be funded by central and local government – restrictions on care visas risks severe disruption to service provision.

### **Health and the NHS**

Similar issues apply in the NHS; after a boom in international recruitment after the pandemic, visa rules have been tightened and increases in domestic training places have begun to boost domestic labour supply. International recruitment is not simply a “plug-in” replacement for domestic training: it interacts with retention, working conditions, and global ethical concerns about recruiting from countries with their own shortages. However, the NHS remains very dependent on migrant workers at all skill and pay levels, and – particularly given the international competition for skilled and qualified health professionals – there are risks that tighter settlement rules will undermine retention and long-term workforce stability.

### **Higher education**

International students have become a central pillar of the UK higher education funding model; the introduction of the Graduate Visa in 2021 was explicitly intended to increase this dependence, at the expense of state funding as tuition fees for domestic students were frozen over an extended period. Policies aimed at reducing the migration of international students therefore have direct implications for university finances, research capacity and regional economies. The economic contribution of international students extends beyond tuition fees to include local consumption and long-run human capital effects.

In this light, the boom-bust period after Brexit has been particularly damaging, with many universities taking advantage of the sharp increase in the number of international students to expand staffing and capacity (including using the revenues to cross-subsidise domestic students), often without robust contingency plans for what would happen if numbers reduced again; these universities are now facing severe financial pressures, with widespread redundancies.

### **Hospitality, logistics and other lower-wage sectors**

In hospitality, food processing and logistics, reduced EU migration contributed to labour shortages and adjustment pressures. Reduced EU inflows tightened labour supply in roles that are often low paid, geographically concentrated, and perceived as unattractive by many

domestic workers at existing wages and conditions. Firms responded in a number of ways: substituting EU-origin workers with non-EU ones (often students and dependants), wage increases (although, as noted above, these seem to have been largely confined to some very specific sub-sectors) changes in business models, and, in some cases, reduced output. While the sector has experienced persistent post-Brexit adjustment pressures, migration is only one of several contributing factors (UKHospitality, 2023) – again, other structural factors (shifts in consumer behaviour, increases in the National Minimum Wage and other cost pressures) are at least as important.

So while the changes (positive and negative) in labour supply resulting from Brexit have been important drivers in each of these sectors, it is the interaction of this with domestic structural and policy factors – and often the inconsistency of government policy and rhetoric – which have driven adjustment patterns.

The evidence from 2016–25 therefore suggest that the economic fundamentals of migration have changed little since Brexit, but the interaction between migration, policy volatility and political incentives has become increasingly unstable. This is the context of the analysis in the following section.

#### **4. Immigration under Labour: political economy after the boom**

By the time Labour entered government in mid-2024, the post-Brexit migration regime was already entering a new phase. The extraordinary surge in net migration seen in 2021–23 had peaked and was beginning to reverse, driven by a combination of policy changes introduced under the previous government and the natural unwinding of post-pandemic and humanitarian flows. Yet the political salience of immigration was rising sharply rather than falling. This divergence between levels and salience is central to understanding Labour’s approach and its limitations.

Labour inherited three interlocking problems. First, the highest measured net migration on record, even if already declining. Second, a severely dysfunctional asylum system that symbolised loss of control regardless of the actual drivers of migration. Third, a fragile economic context characterised by weak productivity growth, tight fiscal constraints, and acute labour shortages in key public-service sectors. Labour’s response has been shaped less by a coherent re-thinking of the post-Brexit system than by the attempt to manage these pressures in parallel, with little or no attention paid to the interconnections and tradeoffs (or, perhaps worse, a determination to deny that the tradeoffs exist).

In opposition, Labour framed immigration primarily as a systems failure: underinvestment in skills, incoherent migration rules, and administrative collapse in asylum. The manifesto language reflected this, emphasising competence, enforcement, and long-term workforce planning rather than explicit numerical targets. In government, however, the focus shifted quickly towards numbers management, even in the absence of a formal net-migration target.

This shift was triggered by two developments. The first was the publication, in late 2024, of revised ONS migration statistics showing that net migration over the previous three years was far higher than previously estimated (ONS, 2024). The second was the rapid rise of Reform as a political force able to exploit migration as a symbol of elite failure and cultural dislocation. The result was a recalibration of Labour’s priorities: reducing legal migration became not merely an economic or administrative issue, but a central political objective.

The May 2025 White Paper *Restoring control over the immigration system* reflects this shift (Home Office, 2025) Although framed in the language of skills, contribution and fairness, its underlying logic is clearly numerical. And much of the accompanying rhetoric – the Prime Minister’s claim that the 2021-23 rise in immigration had done “incalculable damage” to the country – has no evidential support at all except insofar as higher immigration is, in itself, considered to be damaging for cultural or political reasons. Measures such as raising skill thresholds, curtailing care-worker recruitment from abroad, shortening the Graduate route, and extending settlement periods are justified less by evidence of harm than by their anticipated effect on inflows. The system remains intact in formal terms, but its parameters are being tightened in ways that prioritise the reduction in numbers over coherence.

As with previous governments, Labour’s legal-migration policy cannot be understood in isolation from asylum politics. Irregular Channel crossings and the continued use of hotel accommodation for asylum seekers have become powerful symbols of state incapacity, regardless of their numerical importance relative to legal migration flows; successive government failures, beginning with the Sunak government, to deliver on unrealistic slogans like “Stop the Boats” or “Smash the Gangs” have only exacerbated the problem.

Labour’s initial actions—scrapping the Rwanda scheme, restarting asylum decision-making, increasing enforcement against illegal working—were largely technocratic and defensible. But they did not deliver rapid, visible reductions in arrivals or accommodation costs. As a result, the political logic shifted: if asylum numbers could not be reduced quickly, legal migration would have to be. Similarly, the government’s political opponents, sensing weakness, shifted their focus to legal migration and its supposedly negative economic and, increasingly, cultural effects; Labour, caught between conflicting pressures from its different factions, was incapable of pushing back on this narrative in a convincing or effective way.

This dynamic helps explain why restrictions on students, care workers and settlement emerged as priorities, even though these routes are only weakly connected to the asylum system. From a political-economy perspective, this is a classic spillover effect: high-salience but hard-to-control flows (asylum) generate pressure to restrict lower-salience but easier-to-control ones (legal migration). The risk, as repeatedly demonstrated in UK migration policy over the past two decades, is that such spillovers undermine economically valuable routes without addressing the original political problem.

A striking feature of Labour’s first year is the gap between formal control and perceived control. Objectively, the UK now has more control over legal migration than at any point since the 1960s. Free movement has ended; entry is governed by domestic rules; enforcement capacity has been expanded. Yet public confidence remains low, and concern about immigration has risen sharply even as net migration has fallen.

This reflects a deeper credibility problem. Control is not judged by legal authority but by outcomes that are visible, comprehensible and narratively coherent. In the current environment, three factors undermine credibility:

- Lagged effects. Migration responds to policy with long and variable lags. The boom of 2021–23 reflected decisions taken years earlier; the bust of 2024–25 reflects policies introduced before Labour took office. Governments, however, are judged in real time.

- Category confusion. Public debate routinely conflates asylum, illegal entry, students, workers and dependants. Tightening one category rarely reduces concern about others.
- Service pressure. Even where migrants are economically active, their presence can intensify pressures on housing, schools and local services if domestic policy fails to respond. These pressures are experienced locally and politically, regardless of national fiscal effects.

In this context, Labour’s rhetorical pivot—emphasising toughness and warning of an “island of strangers”—appears designed to restore credibility. But rhetoric alone cannot resolve the underlying mismatch between migration dynamics and political expectations.

The risk is the emergence of a migration “doom loop”, in which political pressure to reduce migration leads to policy choices that weaken economic performance and public services, thereby intensifying the very political discontent that fuels anti-immigration sentiment.

The mechanics of this loop are straightforward:

- Political pressure (from Reform, parts of the media, and public anxiety) pushes government to reduce migration numbers quickly.
- Policy tightening focuses on routes that are administratively easy to restrict: students, care workers, mid-skill work visas, settlement.
- Economic and service impacts follow: universities lose income; care shortages intensify; fiscal revenues weaken; local services struggle.
- Performance deteriorates, reinforcing narratives of national decline and government failure.
- Political backlash intensifies, renewing pressure for further migration restrictions.

What makes this loop particularly dangerous is that it can operate even when migration is already falling. Indeed, the sharp decline in net migration in 2024–25 may exacerbate the problem if it contributes to weaker growth or fiscal stress just as the government faces difficult budgetary decisions.

There is little evidence, either from the UK or from comparative experience, that centre-left parties can neutralise populist challengers by adopting their language or partial policy agenda on immigration (Turnbull-Dugarte et al, 2025). Reform’s advantage lies not in policy detail but in narrative simplicity: migration is framed as the cause of economic and cultural decline, and radical reductions as the solution. A governing party constrained by legal obligations, economic realities and administrative capacity cannot credibly outbid such a narrative.

At the same time, Labour is clearly at serious risk alienating parts of its own electoral coalition. Young voters, graduates, urban residents and ethnic minorities—groups more likely to view immigration positively—constitute the majority of those who voted Labour in 2024 but have since moved their support to other parties, in particular the Greens (Ansell, 2026). The result is an asymmetric political contest: tightening migration policy imposes real economic and social costs, while offering only limited and fragile political gains.

## **5. Conclusion: the limits of control, ten years on**

The post-Brexit system was supposed to take back control, reduce migration and enable us to get the skills we need while addressing the political salience of high or uncontrolled migration. In theory—even for Brexit opponents—there was a logic to this. Formal control definitely increased. But it misses the political-economy dynamics.

Ten years on from the referendum, the central lesson is that control is not a static policy attribute but a dynamic political relationship. Ending free movement and introducing a points-based system shifted the locus of decision-making from Brussels to Westminster. It did not eliminate the structural drivers of migration, the long lags between policy and outcomes, or the incentives facing governments under political pressure.

The post-Brexit system generated a classic boom-bust cycle. Liberal parameters, combined with pandemic recovery and humanitarian crises, produced a surge in migration. Political reaction to that surge then triggered tightening just as flows were already falling. This is closely analogous to the “long and variable lags” critique of demand-management macroeconomic policy: by the time policymakers respond to observed outcomes, the underlying dynamics have already shifted.

The result is a system that oscillates between openness and restriction without ever settling into a stable equilibrium. Employers, universities and migrants face uncertainty; public services face discontinuous shocks to labour supply; and public trust erodes as governments promise control they cannot sustainably deliver.

The deeper problem is that immigration policy is being asked to do too much. It is expected simultaneously to:

- supply labour to an ageing economy;
- compensate for underinvestment in skills and public services;
- promote growth and improve the public finances;
- reassure voters anxious about identity and cohesion; and
- neutralise populist challengers.

No migration system can satisfy all of these objectives at once. Treating migration primarily as a lever for short-term political management almost guarantees failure on both economic and political fronts.

A more credible post-Brexit settlement would start from three recognitions. First, that migration is a structural feature of a modern, open economy, not a temporary aberration. Second, that the costs and benefits of migration depend overwhelmingly on domestic policy choices—in housing, public services, labour-market regulation and integration. Third, that political trust is more likely to be rebuilt through competence, honesty and institutional stability than through ever-tougher rhetoric.

Absent such a reset, the UK risks remaining trapped in the doom loop: each attempt to “restore control” undermines the very economic and social foundations on which durable political consent depends. The past decade suggests that the real constraint on migration policy is not the absence of control, but the absence of a political economy capable of using it wisely.



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